Transaction Set 824 - Application Advice

Transaction set 824 can be used to provide the ability to report the results of an application system's data content edits of transaction sets. The results of editing transaction sets can be reported at the functional group and transaction set level, in either coded or free-form format. It is designed to accommodate the business need of reporting the acceptance, rejection, or acceptance with change of any transaction set. The application advice should not be used in place of a transaction set designed as a specific response to another transaction set.

HUD will use TS 824, Application Advice to notify mortgagees/lenders of errors within Application for Mortgage Insurance Benefits (TS 260); Mortgage Loan Default Status (TS 264); and Mortgage Record Change (TS 266).

For HUD, transaction set 824 will return errors found during the edit of the transaction set 260 submission of a claim and indicate that the claim must be resubmitted to enable HUD's application to successfully process the claim. Likewise, transaction set 824 will indicate the specific loan default report in error and detail the problem found during the edit of transaction set 264. Mortgagees/lenders will need to submit a corrected entry for that default case with a corrected transaction set 264. Transaction set 824 will also be used by HUD to indicate errors found during the edit of transaction set 266.

Transaction Set 824 for 260 Outline

The following pages contain the 824 transaction set outline to be used in relation with transaction set 260.

824 Application Advice

Functional Group ID=**AG**

Introduction:

This Draft Standard for Trial Use contains the format and establishes the data contents of the Application Advice Transaction Set (824) for use within the context of an Electronic Data Interchange (EDI) environment. The transaction set can be used to provide the ability to report the results of an application system's data content edits of transaction sets. The results of editing transaction sets can be reported at the functional group and transaction set level, in either coded or free-form format. It is designed to accommodate the business need of reporting the acceptance, rejection or acceptance with change of any transaction set. The Application Advice should not be used in place of a transaction set designed as a specific response to another transaction set (e.g., purchase order acknowledgment sent in response to a purchase order).

Notes:

This Transaction Set 824, Application Advice, is formatted for use in conjunction with Transaction Set 260, Application for Mortgage Insurance Benefits.

Heading:

	Pos. No.	Seg. ID	Name	Req. Des.	Max.Use	Loop Repeat	Notes and Comments
Must Use	010	ST	Transaction Set Header	M	1		
Must Use	020	BGN	Beginning Segment	M	1		
			LOOP ID - N1			2	
	030	N1	Name	O	1		
Not Used	040	N2	Additional Name Information	O	2		
Not Used	050	N3	Address Information	O	2		
Not Used	060	N4	Geographic Location	O	1		
Not Used	070	REF	Reference Numbers	O	12		
Not Used	080	PER	Administrative Communications Contact	O	3		

Summary:

	Pos. No.	Seg. ID	Name	Req. Des.	Max.Use	Loop Repeat	Notes and Comments
			LOOP ID - OTI			>1	
Must Use	010	OTI	Original Transaction Identification	M	1		
	020	REF	Reference Numbers	O	12		c1
	030	DTM	Date/Time/Period	O	2		
Not Used	040	PER	Administrative Communications Contact	O	3		
Not Used	050	AMT	Monetary Amount	O	10		
Not Used	060	QTY	Quantity	O	10		
Not Used	065	N1	Name	O	1		
			LOOP ID - TED			>1	
Not Used	070	TED	Technical Error Description	O	1		
Not Used	080	NTE	Note/Special Instruction	O	100		

			LOOP ID - LM			>1
	085	LM	Code Source Information	O	1	n1
Must Use	086	LQ	Industry Code	M	100	
Must Use	090	SE	Transaction Set Trailer	M	1	

Transaction Set Notes

1.   Use of the LM loop is limited to the identification of industry unique application error conditions.

Transaction Set Comments

1.   REF segments can be used as needed to further identify the original transaction set.

Data Mapping Guide

The following data mapping guide for TS 824 for TS 260 is based on version 003040 of TS 824 as defined by the X12 standard. The guide presents essential information for each of the segments and the constituent data elements.

Data Mapping Guide
Transaction Set 824
Application Advice

Segment:	**ST** Transaction Set Header
Position:	010
Loop:	
Level:	Heading:
Usage:	Mandatory
Max Use:	1
Purpose:	To indicate the start of a transaction set and to assign a control number
Syntax Notes:	
Semantic Notes:	**1** The transaction set identifier (ST01) used by the translation routines of the interchange partners to select the appropriate transaction set definition (e.g., 810 selects the Invoice Transaction Set).
Comments:	
Notes:	The ST segment is required each time a Transaction Set is sent.

Data Element Summary

	Ref. Des.	Data Element	Name	Attributes
Must Use	ST01	143	**Transaction Set Identifier Code**	M ID 3/3
			Code uniquely identifying a Transaction Set	
			824 X12.44 Application Advice	
Must Use	ST02	329	**Transaction Set Control Number**	M AN 4/9
			Identifying control number that must be unique within the transaction set functional group assigned by the originator for a transaction set	
			NOTE: The control number is assigned and generated by HUD's translation software.	
			It should be sequential within the functional group to aid in error recovery and research. The control number in the ST segment (ST02) must be identical to the control number in the SE segment (SE02) for each transaction.	

Segment:	**BGN** Beginning Segment
Position:	020
Loop:	
Level:	Heading:
Usage:	Mandatory
Max Use:	1
Purpose:	To indicate the beginning of a transaction set
Syntax Notes:	**1** If BGN05 is present, then BGN04 is required.
Semantic Notes:	**1** BGN02 is the transaction set reference number.
	2 BGN03 is the transaction set date.
	3 BGN04 is the transaction set time.
	4 BGN06 is the transaction set reference number of a previously sent transaction affected by the current transaction.
Comments:	**1** BGN05 is the transaction set time qualifier.
Notes:	The BGN segment is required each time a Transaction Set is sent.

Data Element Summary

	Ref. Des.	Data Element	Name	Attributes
Must Use	**BGN01**	**353**	**Transaction Set Purpose Code**	**M ID 2/2**

Code identifying purpose of transaction set

HUD will send code "00."

    00   Original

Must Use	**BGN02**	**127**	**Reference Number**	**M AN 1/30**

Reference number or identification number as defined for a particular Transaction Set, or as specified by the Reference Number Qualifier.

HUD will send TS260 to indicate this transaction set contains application advice for a TS260 received previously from the mortgagee.

Must Use	**BGN03**	**373**	**Date**	**M DT 6/6**

Date (YYMMDD)

Transmission Date.

Not Used	**BGN04**	**337**	**Time**	**X TM 4/8**

Time expressed in 24-hour clock time as follows: HHMM, or HHMMSS, or HHMMSSD, or HHMMSSDD, where H = hours (00-23), M = minutes (00-59), S = integer seconds (00-59) and DD = decimal seconds; decimal seconds are expressed as follows: D = tenths (0-9) and DD = hundredths (00-99)

Not Used	**BGN05**	**623**	**Time Code**	**O ID 2/2**

Code identifying the time. In accordance with International Standards Organization standard 8601, time can be specified by a + or - and an indication in hours in relation to Universal Time Coordinate (UTC) time; since + is a restricted character, + and - are substituted by P and M in the codes that follow Refer to 003040 Data Element Dictionary for acceptable code values.

Not Used	**BGN06**	**127**	**Reference Number**	**O AN 1/30**

Reference number or identification number as defined for a particular Transaction Set, or as specified by the Reference Number Qualifier.

Not Used	**BGN07**	**640**	**Transaction Type Code**	**O ID 2/2**

Code specifying the type of transaction

Refer to 003040 Data Element Dictionary for acceptable code values.

Not Used	**BGN08**	**306**	**Action Code**	**O ID 1/2**

Code indicating type of action

Refer to 003040 Data Element Dictionary for acceptable code values.

Segment:	# N1 Name
Position:	030
Loop:	N1 Optional
Level:	Heading:
Usage:	Optional
Max Use:	1
Purpose:	To identify a party by type of organization, name, and code
Syntax Notes:	**1** At least one of N102 or N103 is required.
	2 If either N103 or N104 is present, then the other is required.
Semantic Notes:	
Comments:	**1** This segment, used alone, provides the most efficient method of providing organizational identification. To obtain this efficiency the "ID Code" (N104) must provide a key to the table maintained by the transaction processing party.
	2 N105 and N106 further define the type of entity in N101.
Notes:	N1 contains the name of the receiving party, who is always the Servicing Mortgagee, along with the 10 digit HUD-assigned Mortgagee number.

Data Element Summary

	Ref. Des.	Data Element	Name		Attributes
Must Use	**N101**	**98**	**Entity Identifier Code**	**M**	**ID 2/2**
			Code identifying an organizational entity, a physical location, or an individual		
			LV Loan Servicer		
Not Used	**N102**	**93**	**Name**	**X**	**AN 1/35**
			Free-form name		
	N103	**66**	**Identification Code Qualifier**	**X**	**ID 1/2**
			Code designating the system/method of code structure used for Identification Code (67)		
			62 Servicing Mortgagee Number		
	N104	**67**	**Identification Code**	**X**	**AN 2/17**
			Code identifying a party or other code		
			Format: Maximum 10 AN characters, left justified.		
Not Used	**N105**	**706**	**Entity Relationship Code**	**O**	**ID 2/2**
			Code describing entity relationship		
			Refer to 003040 Data Element Dictionary for acceptable code values.		
Not Used	**N106**	**98**	**Entity Identifier Code**	**O**	**ID 2/2**
			Code identifying an organizational entity, a physical location, or an individual		
			Refer to 003040 Data Element Dictionary for acceptable code values.		

Segment:	**OTI** Original Transaction Identification
Position:	010
Loop:	OTI Mandatory
Level:	Summary:
Usage:	Mandatory
Max Use:	1
Purpose:	To identify the edited transaction set and the level at which the results of the edit are reported, and to indicate the accepted, rejected, or accepted-with-change edit result
Syntax Notes:	1 If OTI09 is present, then OTI08 is required.
Semantic Notes:	1 OTI06 is the group date.
	2 OTI07 is the group time.
	3 If OTI11 is present, it will contain the version/release under which the original electronic transaction was translated by the receiver.
Comments:	1 OTI02 contains the qualifier identifying the business transaction from the original business application, and OTI03 will contain the original business application identification.
	2 If used, OTI04 through OTI08 will contain values from the original electronic functional group generated by the sender.
	3 If used, OTI09 through OTI10 will contain values from the original electronic transaction set generated by the sender.
Notes:	One OTI loop will be sent for each FHA case number.

Data Element Summary

	Ref. Des.	Data Element	Name		Attributes
Must Use	**OTI01**	**110**	**Application Acknowledgment Code**	**M**	**ID 1/2**
			Code indicating the application system edit results of the business data		
			HUD will always send IR.		
			IR Item Reject		
Must Use	**OTI02**	**128**	**Reference Number Qualifier**	**M**	**ID 2/2**
			Code qualifying the Reference Number.		
			Z8 Federal Housing Administration Case Number		
			The unique loan number assigned by the Federal Housing Administration (FHA) to each FHA loan		
Must Use	**OTI03**	**127**	**Reference Number**	**M**	**AN 1/30**
			Reference number or identification number as defined for a particular Transaction Set, or as specified by the Reference Number Qualifier.		
			Format: Maximum 11 AN characters, left justified. Include hyphen.		
Not Used	**OTI04**	**142**	**Application Sender's Code**	**O**	**AN 2/15**
			Code identifying party sending transmission; codes agreed to by trading partners		
Not Used	**OTI05**	**124**	**Application Receiver's Code**	**O**	**AN 2/15**
			Code identifying party receiving transmission. Codes agreed to by trading partners		
Not Used	**OTI06**	**373**	**Date**	**O**	**DT 6/6**
			Date (YYMMDD)		
Not Used	**OTI07**	**337**	**Time**	**O**	**TM 4/8**
			Time expressed in 24-hour clock time as follows: HHMM, or HHMMSS, or HHMMSSD, or HHMMSSDD, where H = hours (00-23), M = minutes (00-59), S = integer seconds (00-59) and DD = decimal seconds; decimal seconds are expressed as follows: D = tenths (0-9) and DD = hundredths (00-99)		

| Not Used | OTI08 | 28 | **Group Control Number** | X | N0 1/9 |

Assigned number originated and maintained by the sender

| Not Used | OTI09 | 329 | **Transaction Set Control Number** | O | AN 4/9 |

Identifying control number that must be unique within the transaction set functional group assigned by the originator for a transaction set

| Not Used | OTI10 | 143 | **Transaction Set Identifier Code** | O | ID 3/3 |

Code uniquely identifying a Transaction Set

Refer to 003040 Data Element Dictionary for acceptable code values.

| Not Used | OTI11 | 480 | **Version / Release / Industry Identifier Code** | O | AN 1/12 |

Code indicating the version, release, subrelease, and industry identifier of the EDI standard being used, including the GS and GE segments; if code in DE455 in GS segment is X, then in DE 480 positions 1-3 are the version number; positions 4-6 are the release and subrelease, level of the version; and positions 7-12 are the industry or trade association identifiers (optionally assigned by user); if code in DE455 in GS segment is T, then other formats are allowed
Refer to 003040 Data Element Dictionary for acceptable code values.

Segment:	**REF** Reference Numbers
Position:	020
Loop:	OTI Mandatory
Level:	Summary:
Usage:	Optional
Max Use:	12
Purpose:	To specify identifying numbers.
Syntax Notes:	1 At least one of REF02 or REF03 is required.
Semantic Notes:	
Comments:	

Data Element Summary

	Ref. Des.	Data Element	Name	Attributes	
Must Use	**REF01**	**128**	**Reference Number Qualifier**	**M**	**ID 2/2**
			Code qualifying the Reference Number.		

Holding Mortgagee No. "LE"
Mortgagee Reference No. "33"
Claim Type "Y4"

	33	Lender Case Number		
	LE	Lender Entity Number		
	Y4	Agency Claim Number		

	Ref. Des.	Data Element	Name	Attributes	
	REF02	**127**	**Reference Number**	**X**	**AN 1/30**
			Reference number or identification number as defined for a particular Transaction Set, or as specified by the Reference Number Qualifier.		

NOTE: For claim type 01, always indicate the part type, i.e. 01A or 01B. No part type indicator is sent for claim types 02-07.

	Ref. Des.	Data Element	Name	Attributes	
Not Used	**REF03**	**352**	**Description**	**X**	**AN 1/80**
			A free-form description to clarify the related data elements and their content		

Segment:	**DTM** Date/Time/Period
Position:	030
Loop:	OTI Mandatory
Level:	Summary:
Usage:	Optional
Max Use:	2
Purpose:	To specify pertinent dates and times
Syntax Notes:	**1** At least one of DTM02 DTM03 or DTM06 is required.
	2 If either DTM06 or DTM07 is present, then the other is required.
Semantic Notes:	
Comments:	
Notes:	The DTM segment provides the month ending date.

Data Element Summary

	Ref. Des.	Data Element	Name	Attributes	
Must Use	DTM01	374	**Date/Time Qualifier**	**M**	**ID 3/3**
			Code specifying type of date or time, or both date and time		
			050 Received		
	DTM02	373	**Date**	**X**	**DT 6/6**
			Date (YYMMDD)		
			Date Claim Received.		
Not Used	DTM03	337	**Time**	**X**	**TM 4/8**
			Time expressed in 24-hour clock time as follows: HHMM, or HHMMSS, or HHMMSSD, or HHMMSSDD, where H = hours (00-23), M = minutes (00-59), S = integer seconds (00-59) and DD = decimal seconds; decimal seconds are expressed as follows: D = tenths (0-9) and DD = hundredths (00-99)		
Not Used	DTM04	623	**Time Code**	**O**	**ID 2/2**
			Code identifying the time. In accordance with International Standards Organization standard 8601, time can be specified by a + or - and an indication in hours in relation to Universal Time Coordinate (UTC) time; since + is a restricted character, + and - are substituted by P and M in the codes that follow Refer to 003040 Data Element Dictionary for acceptable code values.		
Not Used	DTM05	624	**Century**	**O**	**N0 2/2**
			The first two characters in the designation of the year (CCYY)		
Not Used	DTM06	1250	**Date Time Period Format Qualifier**	**X**	**ID 2/3**
			Code indicating the date format, time format, or date and time format		
			Refer to 003040 Data Element Dictionary for acceptable code values.		
Not Used	DTM07	1251	**Date Time Period**	**X**	**AN 1/35**
			Expression of a date, a time, or range of dates, times or dates and times		

Segment:	**LM** Code Source Information
Position:	085
Loop:	LM Optional
Level:	Summary:
Usage:	Optional
Max Use:	1
Purpose:	To transmit standard code list identification information
Syntax Notes:	
Semantic Notes:	
Comments:	**1** LM02 identifies the applicable industry code list source information.

Data Element Summary

	Ref. Des.	Data Element	Name	Attributes
Must Use	**LM01**	**559**	**Agency Qualifier Code**	**M ID 2/2**
			Code identifying the agency assigning the code values	
			HUD will send code "HU" to identify itself as the party assigning the Notice code. Code values in LQ02, data element 1271 - Industry Code.	
			HU Department of Housing and Urban Development	
Not Used	**LM02**	**822**	**Source Subqualifier**	**O AN 1/15**
			A reference that indicates the table or text maintained by the Source Qualifier	

Segment:	**LQ** Industry Code
Position:	086
Loop:	LM Optional
Level:	Summary:
Usage:	Mandatory
Max Use:	100
Purpose:	Code to transmit standard industry codes
Syntax Notes:	1 If LQ01 is present, then LQ02 is required.
Semantic Notes:	
Comments:	
Notes:	HUD will send notice codes to mortgagees grouped according to whether this is the first, second, or third time the notice has been sent to the mortgagee. The first iteration of the LQ segment will contain the number "01", "02" or "03" and be followed by one use of the LQ segment for each notice code in the specified group. The LQ segment may be repeated to transmit the entire list of notice codes related to the claim submitted for the FHA case number indicated in the preceding OTI segment.

Data Element Summary

Ref. Des.	Data Element	Name	Attributes	
LQ01	**1270**	**Code List Qualifier Code**	**O**	**ID 1/3**
		Code identifying a specific industry code list		
		Reserved for Future Use.		
		Refer to 003040 Data Element Dictionary for acceptable code values.		
LQ02	**1271**	**Industry Code**	**X**	**AN 1/20**
		Code indicating a code from a specific industry code list		
		Codes and definitions are provided in the section "EDI Claims Edits with Explanations" of this mapping guide.		

Segment:	**SE** Transaction Set Trailer	
Position:	090	
Loop:		
Level:	Summary:	
Usage:	Mandatory	
Max Use:	1	
Purpose:	To indicate the end of the transaction set and provide the count of the transmitted segments (including the beginning (ST) and ending (SE) segments).	
Syntax Notes:		
Semantic Notes:		
Comments:	**1** SE is the last segment of each transaction set.	
Notes:	The SE segment is required each time a Transaction Set is sent.	

Data Element Summary

	Ref. Des.	Data Element	Name	Attributes
Must Use	**SE01**	**96**	**Number of Included Segments**	**M N0 1/10**
			Total number of segments included in a transaction set including ST and SE segments	
Must Use	**SE02**	**329**	**Transaction Set Control Number**	**M AN 4/9**
			Identifying control number that must be unique within the transaction set functional group assigned by the originator for a transaction set	

NOTE: The control number is assigned and generated by HUD's translation software. It should be sequential within the functional group to aid in error recovery and research. The control number in the SE segment (SE02) must be identical to the control number in the ST segment (ST02) for each transaction.

EDI CLAIMS EDITS WITH EXPLANATIONS

The following is a list of edit codes that may occur during claim processing. If a claim cannot be paid because of failure to pass a system edit, you will receive a Transaction Set (T.S.) 824, listing the applicable edit(s). Please read the explanation of the edits(s) to determine what action is needed. In some cases, a corrected claim must be transmitted. In other cases, documentation to support the claim must be sent.

- Review your original claim. If you need to correct any item(s), you must transmit a corrected claim.

- If additional documentation is needed before the claim can be processed, please use the EDI Claim Resubmission Transmittal Sheet and forward it to:

    Department of Housing and Urban Development
    Office of Mortgage Insurance Accounting and Servicing
    Single Family Mortgage Insurance Claims Branch
    Attention: EDI
    P.O. Box 23297
    Washington, D.C. 20026-3297

The corrected claim or additional documentation must be received within **45 days** of the date of the initial T.S. 824. If not, your claim will be deleted and a new claim would have to be transmitted for further consideration.

A second T.S. 824 will be sent to inform you that your claim is scheduled for deletion. This second T.S. 824 will be identified only by the notice number, which is a two digit code in the first use of the LQ segment in the LM loop. The first T.S. 824 will show notice number "01"; the second T.S. 824 will show "02".

Please note that certain edits can occur in combination with other edits and can best be understood that way. If a combination error code is received, refer to the "combination" edits at the end of the list.

Error Messages:

A1   **Title: Part B Not Payable**
Part B cannot be processed until Part A has been paid.

A5   **Title: Attempting To Process Part B With No Part A**
The Part B cannot be processed because the Part B was received before Part A.
If your records indicate that a Part A has been submitted, please check the following:
Compare the Part B FHA case number with the FHA case number on the MIC, Part A
   and advice of payment, if received. The Part B FHA case number must match the
   Part A FHA case number.
If the Part A has not been submitted, submit the Part A.
The Part B has been deleted, therefore, you must resubmit the Part B.

A9   **Title: Mortgage Insurance Terminated**
The claim cannot be processed because our system shows that the mortgage insurance
has been terminated. We have referred this case to the Insurance Operations Division
(IOD). If the insurance was terminated in error, IOD will reinstate the insurance and
the claim will be processed.

If the insurance was terminated based on information received from the mortgagee, the
claim will be deleted from our system. Do not submit a new claim until you have been
notified by IOD that the mortgage insurance has been reinstated. IOD will inform you
of what action is needed to reinstate the loan. If you have not been contacted by IOD
within two weeks of the date of the transaction set 824, you may submit a written status
request to IOD at the following address:

   Housing and Urban Development
   Insurance Operations Division
   451 7th St S.W.
   Washington, DC 20410
   Attention: Data Quality, Room 2232

B1   **Title: Uninsured Loan**
The claim cannot be processed because our system shows that the loan is uninsured.
Please submit a copy of the Mortgage or Deed of Trust Note so that the case can be
referred to IOD for resolution.

BA   **Title: Mortgage Insurance Certificate Error**
-          MIC not received or
-          MIC received but not verified because of a discrepancy with HUD's database.
           If you have sent in the MIC, your claim will be automatically processed upon receipt of
           the MIC. If the MIC information cannot be verified, you will be contacted by an
           examiner.

BB **Holding mortgagee number (Item 12) does not match the holding mortgagee number on the "MIC Transmittal".** If the holding mortgagee number on the "MIC Transmittal" is incorrect, submit a corrected transmittal immediately. If the holding mortgagee number on the claim (Item 12) is incorrect, submit a corrected claim.

BC **Servicing mortgagee number (Item 13) does not match the servicing mortgagee number on the "MIC Transmittal".** If the servicing mortgagee number on the "MIC Transmittal" is incorrect, submit a corrected transmittal immediately. If the servicing mortgagee number on the claim (Item 13) is incorrect, submit a corrected claim.

BD **Title: Title Approval Has Not Been Approved Or Has Been Rescinded**
The Part B cannot be processed because there is no record of title approval in the authorization file. Contact the field office that has jurisdiction over the property to determine the status of the title approval for this claim.

BX **Title: Invalid Case Number (Item 2)**
The FHA case number is invalid.
-   For a Part A, compare the FHA case number on the claim with the FHA case number on the MIC.
-   For a Part B, compare the FHA case number on the claim with the FHA case number on the MIC, Part A and advice of payment. Do not send a corrected claim. You must correct the problem and transmit a **new** claim.

BY **Title: Claim Already Paid**
-   Listed as paid on claim data base and/or
-   Listed as paid on IIF data base
-   The claim has been deleted.

A2BZ Title: Claim Already Exists on Suspense File
The claim is listed as suspended on the claims database. If you are trying to send an EDI claim to correct an earlier EDI transmission, you must send a **corrected claim.**

C1 **Title: Master Segment Not Found On IMF Data Base For Holding Mortgagee (Item 12)**
For a Part A, the holding mortgagee status is not active.
-   Check the holding number to determine if the correct holding number was entered in item 12. If the correct holding number was entered in item 12, contact Lender Approval and Recertification Division, HUD Headquarters, (202) 708-0316 to determine why the holding number is not active.
-   If the holding number in item 12 is incorrect, submit a corrected claim.
    For a Part B, the holding number is either incorrect, or does not agree with the holding number entered on the Part A (Item 12).
-   If the number is incorrect, submit a corrected claim.
-   If the number is correct, submit a HUD 92080 to document the change of holder.

C3 **Title: Office Segment Not Found On IMF Data Base For Holding Mortgagee (Item 12)**

Holding mortgagee branch office not active. For instructions, contact Lender Approval and
Recertification Division, HUD Headquarters, (202) 708-0316 for assistance. Do not submit a
corrected claim until this problem has been resolved.

C4   **Title: Address Segment Not Found On IMF Data Base For Holding Mortgagee (Item
12)**
For instructions, contact Lender Approval and Recertification Division, HUD Headquarters,
(202) 708-0316 for assistance. Do not submit a corrected claim until this problem has been
resolved.

C5   **Title: Holding Mortgagee Address Incomplete Or Missing On IMF Data Base (Item
12)**
For instructions, contact Lender Approval and Recertification Division, HUD Headquarters,
(202) 708-0316. Do not submit a corrected claim until this problem has been resolved.

C6   **Title: Master Segment Not Found On IMF Data Base for Servicing Mortgagee (Item
13)**
For a Part A, the servicing mortgagee status is not active.
Check the servicing number to determine if the correct servicing number was entered in item 13.
 If the correct servicing number was entered in item 13, contact Lender Approval and
Recertification Division, HUD Headquarters, (202) 708-0316 to determine why the servicing
number is not active.
If the servicing number in item 13 is incorrect, submit a corrected claim.
For a Part B, the servicing number is either incorrect, or does not agree with the servicing
number entered on the Part A (Item 13).
If the number is incorrect, submit a corrected claim.
If the number is correct, submit a HUD 92080 to document the change of servicer.

C7   **Title: Office Segment Not Found on IMF Data Base for Servicer Mortgagee (Item
13)**
For instructions, contact Lender Approval and Recertification Division, HUD Headquarters,
(202) 708-0316. Do not submit a corrected claim until this problem has been resolved.

C8   **Title: Address Segment Not Found On IMF Data Base For Servicer Mortgagee (Item
13)**
For instructions, contact Lender Approval and Recertification Division, HUD Headquarters,
(202) 708-0316 for assistance. Do not submit a corrected claim until this problem has been
resolved.

C9   **Title: Servicer Mortgagee Address Incomplete Or Missing On IMF Data Base (Item
13)**
For instructions, contact Lender Approval and Recertification Division, HUD Headquarters,
(202) 708-0316. Do not submit a corrected claim until this problem has been resolved.

CA   **Title: Indemnity Agreement Or Nonpayment Order**
This claim cannot be processed because an indemnity agreement exists for this case. For further
information call (703) 235-9102.

CB   **Title: Non-Payment Order Is Active On Mortgagee/Case Number**
For further instructions call (703) 235-9102.

D1   **Title: Claim Type (Item 1)**
Claim type is invalid, incorrect or missing.
Please indicate the correct claim type for Conveyance (01); Assignment (02); Automatic
  Assignment (03); Coinsurance (04); Non-Conveyance (06) or Preforeclosure (07).
  Supplemental claims (05) cannot be submitted via EDI.

D3   **Title: Mortgage Insurance Certificate**
See BA.

D4   **Title: Date Form Prepared (Item 6 or Item 104) Or Date Deed Filed For Record (Item 10) Error**
-          One of the dates is missing or
-          There is a discrepancy between the date the claim was received at HUD and either (1)
            the date the form was prepared or (2) the date the deed or assignment was filed for
            record. The receipt date must be no earlier than either of these dates.

Please make the necessary correction(s) and resubmit your claim. If this is an automatic
  assignment and was received later than 6 months after filing the assignment, please submit an
  explanation for the delay.

D9   **Title: Coinsured Loan**
-          The claim cannot be processed as a conveyance (01). The due date of the last
            complete paid installment is within 5 years of the date of first payment. **This is a
            coinsured loan and the property cannot be conveyed to HUD.** Please notify the
            local HUD office that the property was incorrectly conveyed to HUD and must be
            reconveyed. The claim has been deleted.
-          For an assignment (02), please submit a copy of the assignment acceptance letter
            received from the local HUD office.

E1   **Title: Section Of The Act Error (Item 3)**
-          Section of the act is invalid for automatic assignment (03) or coinsurance (04) claim.

E3   **Title: Endorsement Date Error (Item 5)**
Date is missing or discrepant with HUD's records. Compare the date on the MIC with the date
  in item 5.
-          If the date in item 5 is incorrect, submit a corrected claim.
-          If the date is correct, no further action is required by your office at this time. You will
            be contacted if additional documentation is needed.

E4   **Title: Date Form Prepared (Item 6 or Item 104)**
The date in Item 6 on Part A or Item 104 on Part B is either missing or incorrect. The date the
  form was prepared cannot be later than the date the form was received at HUD. It cannot be
  earlier than the date in item 10, which is the date the deed or assignment was filed for record.

E5   Title: Date Form Prepared (Item 6 or Item 104)
The dates in item 6 on Part A and item 104 on Part B are not the same. The two dates must be
the same.

F1   Title: Due Date Last Complete Installment Paid (Item 8)
The claim cannot be processed because the due date of the last complete installment paid (Item
8) on Part A is either:
- Missing or invalid.
- Earlier than due date of first payment to principal and interest.
- Earlier than the firm commitment date (Item 18).
- Later than the date the deed was filed for record (Item 10).
- Later than the date of acquisition of marketable title (Item 9).
  If no payments were made, enter the date in item 7 (Due date of the first payment to
  principal and interest).

F2   Title: Default Date
Please verify the due date of the last complete installment paid (Item 8). The date of default (2
months from the last complete installment paid) cannot be later than the current date.

F3   Title: Date of Acquisition Of Marketable Title (Item 9)
The claim cannot be processed because the date of possession and acquisition of marketable
title (Item 9) is either:
- Missing or invalid.
- Not applicable for assignments or automatic assignments.
- Earlier than the due date of the last complete installment paid (Item 8).
- Later than the date the deed was filed for record (Item 10).
- Earlier than the date foreclosure proceedings were instituted or the deed-in-lieu was
  obtained (Item 11).

F4   Title: Date Deed Or Assignment Was Filed For Record (Item 10)
The claim cannot be processed because the date the deed or assignment was filed for record
(Item 10) is either:
- Missing or invalid.
- Later than the date the form was prepared (Item 6).
- Earlier than the date of position and acquisition of marketable title (Item 9).
- Not in the 21st year following the date of endorsement (Item 5) for an automatic
  assignment claim (03).

F5   Title: Date Foreclosure Instituted or Date of Deed-In-Lieu (Item 11)
The claim cannot be processed because the date foreclosure was instituted or the date of deed-
in-lieu (Item 11) is either:
- Missing or invalid.
- Later than the date the deed was filed for record (Item 10).
- Later than the date the claim was received by HUD.
Block a or b of item 11 must be checked.
A deed-in-lieu is not valid for a non-conveyance claim.

F8   Title: Holding Mortgagee Number (Item 12)
The holding mortgagee number in item 12 is either missing or incorrect. Enter the complete 10-digit number assigned to the holding mortgagee. If you do not know the number, you may call Lender Approval and Recertification Division, HUD Headquarters, (202) 708-0316.

G1   Title: Original Mortgage Amount (Item 15)
The claim cannot be processed because the original mortgage amount is either:
-        Missing or incorrect
-        Does not match the amount in the Insurance In Force Master File.
Check the FHA case number on the mortgage insurance certificate to verify that the case number in item 2 is correct. If the case number in item 2 is correct, and the amount in item 15 is the same as the amount on the MIC, submit a copy of the mortgage note to verify the correct original mortgage amount. If the case number in item 2 is incorrect, a new claim must be submitted.

G2   Title: Holding Mortgagee Employer Identification Number (EIN) (Item 16)
The holding mortgagee EIN number is either missing or incorrect. On automatic assignment claims, the employer identification number of the holding mortgagee must appear in item 16. The format is xx-xxxxxxx. If you do not know the number, you may call Lender Approval and Recertification Division, HUD Headquarters, (202) 708-0316.

G3   Title: Unpaid Loan Balance (Item 17)
The entry for unpaid loan balance is either missing or incorrect.

G5   Title: Commitment Date (Item 18)
The claim cannot be processed because the date of firm commitment (Item 18) is either:
-        Invalid.
-        Later than the endorsement date.
-        Not applicable for an automatic assignment.

G7   Title: Expiration Date Of Extension To Foreclose (Item 19)
The claim cannot be processed because the date in item 19 is invalid or exceeds the date of processing plus 30 days.   Please correct the date in item 19, or provide a copy of the approved extension request. An extension to foreclose is not allowed for claims when a deed-in-lieu is accepted.

G8   Title: Date Of Notice (Item 20)
The claim cannot be processed because the date of the assignment acceptance letter (claim type 02) or extension to convey (claim type 01) in item 20 is either:
-        Missing or invalid.
-        Earlier than the date of acquisition (conveyances).
-        Later than the date the assignment was filed for record.

G9   Title: Date Of Bankruptcy Release (Item 21)
The claim cannot be processed because the date of bankruptcy release (Item 21) is either:
-        Invalid.

Electronic Data Interchange

- Earlier than the due date of the last complete installment paid (Item 8).
- Later than the date the deed or assignment (Item 10) was filed for record.
- Later than the date of acquisition of marketable title (Item 9).
- Earlier than the date of default for an assignment claim (02).

GA   Title: Mortgagee Curtailment Date Error
The date shown in item 31 is invalid. This date should never be the same as or later than the date in item 9. Use item 31 to show the date of curtailment when you failed to report institution of foreclosure timely or failed to complete foreclosure with reasonable diligence.

GI   Transaction set 260 was rejected at HUD EDI gateway because the FHA case number was missing.

GM   Transaction set 260 was rejected at HUD EDI gateway because it did not meet ANSI ASC X12 rules or HUD mapping requirements.

GY   Transaction set 260 was rejected at HUD EDI gateway because of insufficient information.

H1   Title: Vacancy Code/Approval Date (Item 22)
The claim cannot be processed because:
- The applicable block ("yes" or "no") in item 22 was not checked.
- If this is a conveyance and the property is occupied ("no" in item 22), the date of HUD office approval is required in item 23. If the property is conveyed occupied without HUD approval in accordance with CFR 203.670(C), enter in item 23 the 90th calendar day after the date of the mortgagee's notice to the local HUD office requesting occupied conveyance.
- If this is a conveyance and the property is vacant ("yes" in item 22), there should be no entry in item 23.
- If this is an assignment, the property must be occupied unless HUD waives the criterion. If the criterion is waived, please submit a copy of the HUD letter granting permission to assign vacant.

H2   Title: Property Conveyed Damaged (Item 24)
The claim cannot be processed because the entry in item 24 is either missing or incorrect. If the property damage falls into the categories listed in 24 CFR 203.378 or 203.379, the response should be "yes." If there is no damage or the damage is not covered by these sections of the CFR, the response should be "no." If the conveyed property is damaged and "yes" is checked in item 24, an entry is also required in item 25(a) or (b). Non-conveyance claims procedures cannot be followed when the property is damaged. Therefore, if this is a non-conveyance claim, the response must be "no."

H3   Title: Field Office Damage Approval/Certification Date (Item 25)
The claim cannot be processed because the date in item 25 is either:
- Later than the date that the deed or assignment was filed for record (item 10).
- Earlier than the due date of the last paid installment (item 8).
- Inappropriate when item 24 is checked "no."

H4   Title: Damage Type (Item 26)
If you checked "yes" in item 24, indicating that the property is damaged, an entry must be made in item 26 to show the type of damage. If item 24 is checked "no," there should be no entry in item 26.

H6   Successful Bidder (Item 28)
-          Invalid entry in item 28. Entry must be 'Y' or 'N'.
-          Not applicable if item 11A is blank.

H7   Title: Mortgagor Name And Property Address (Item 33)
The claim cannot be processed because:
-          The mortgagor's name and/or property address is incomplete.
-          The social security number is not formatted properly.

H9   Title: Unidentified Character In Alphabetic field
Please re-enter data. Invalid characters ("#", :, ;, ?, `, ~, @, $, %, =, [], \, /,_) are entered in the mortgagee reference number (Item 14) or mortgagor's name and property address (Item 33).

I2   Title: Expiration Date Of Title Approval Extension (Item 105)
The expiration date of the extension granted by the local HUD office to submit title evidence or fiscal data (Item 105) must be later than the date the deed was filed for record (Item 10).

I3   Title: Deficiency Judgment Error (Item 29)
A deficiency judgment code number 1, 2, 3, or 4 must be entered in item 29.

I4   Title: Date Of Title Approval Letter
The claim cannot be processed because:
-          The date of title approval letter is missing or invalid.
-          No record of title approval exists on authorization file. Contact the field office that has jurisdiction over the property to determine the status of the title approval for the claim.

I5   Title: Date Title Evidence Received In Field
The claim cannot be processed because:
-          The date title evidence received in the field is missing or invalid.
-          No record of title approval exists on authorization file. Contact the field office that has jurisdiction over the property to determine the status of the title approval for the claim.

I6   Title: Date Of Title Approval
The claim cannot be processed because:
-          The date of title approval is missing or invalid.
-          No record of title approval exists on authorization file. Contact the field office that has jurisdiction over the property to determine the status of the title approval for the claim.

I7   Title: Authorized Bid Amount (Item 30)
The claim cannot be processed because the Commissioner's Adjusted Fair Market Value

(CAFMV) is missing, invalid or excessive. For Preforeclosure Sales Claims, please enter the contract sales price.

I9   Claim Calculation routine failed
The claim cannot be processed because the endorsement or commitment date is incorrect.

J1   Title: Entered Value Failed Numeric Check
The claim cannot be processed because the entry entered in columns A, B, or C of the Part B, is not numeric.

J5   Claim cannot be processed because amounts appear in both columns A and B of line 107. If the net adjustment you are claiming for the unpaid loan balance is a reduction, enter it in column A; if it is an increase, enter it in column B.

J6   Claim cannot be processed because the adjusted unpaid loan balance is incorrect (Line 107). An entry should be made on line 107 when the amount of the unpaid principal balance reported on Part A was overstated or understated. Enter the difference between the unpaid principal balance allowed by HUD in the claims payment and the amount that should have been paid. If this is a graduated loan payment, send a copy of the payment schedule. To verify the due date of the last paid installment, send a copy of the payment history. If this is an Adjustable/Allonge Note Mortgage, send a copy of the Rate Index or Real Estate Indexes Rate Inquiry or H-15, Federal Bulletin and a breakdown showing how each rate adjustment was calculated. If the loan was modified, send a copy of the modification agreement.

K1   The sales price (Line 108) is excessive or not allowed.

K2   The sales price (Line 108) is either missing or incorrect. For nonconveyance claims (06) enter the greater of the CAFMV or the sales price. The sales price cannot be lower than the CAFMV. For preforeclosure claims (07) enter the contract sales proceeds received from the closing agent. For coinsurance claims (04) enter the sales price or the appraised value of the property, as applicable.

K3   Title: Escrow Balance (Line 109)
The amount entered on line 109, column A for escrow balance as of the date the deed or assignment was filed for record exceeds normal limits. Please note that section 235 assistance payments should be entered on line 123. Also, if you are claiming an amount for damage or insurance recovery, it should be entered on line 118 or 119. Please correct your claim or explain why the escrow balance is excessive. You may submit payment ledgers to verify the correct escrow balance.

K5   Title: Disbursements for property protection and preservation (Line 110)
The amount claimed on line 110 for protection and preservation disbursements exceeds normal limits. Please submit a copy of the local HUD office authorization to exceed either the maximum allowable limit or individual limits, a copy of the Part C of Form HUD-27011, paid receipts, and any other documentation needed to support your claim.

K9   Title: Foreclosure Date/Date Deed-In-Lieu (Item 11)

The claim cannot be processed because the date entered in item 11 is incorrect. The date of institution of foreclosure or deed-in-lieu cannot be earlier than the date of default which is two months from the due date of the last paid installment. If a bankruptcy action intervened, enter the date of release of bankruptcy in item 21.

L1   Title: Total Disbursements (Line 111)
The amount claimed on line 111 of Part B for total disbursements exceeds normal limits. Please submit a copy of Part D of Form HUD-27011, paid receipts, payment ledgers, tax certification statement and other documentation needed to support your claim.

L5   Title: Attorney/Trustee Fees (Line 112)
The Attorney/Trustee Fees were excessive or not allowed.

M1   Title: Foreclosure, Acquisition, Conveyance, Other Costs (Line 113)
The amount claimed for foreclosure, acquisition, conveyance, and other costs on line 113 of Part B exceeds normal limits. Please submit a copy of Part D of Form HUD-27011, paid receipts, and any other documentation to support your claim.

M5   Title: Bankruptcy Fees (Line 114)
Bankruptcy release date not filled on the Form HUD-27011 Part A. Submit documentation to support amount claimed for bankruptcy and the bankruptcy release date.

N2   Title: Rental Expense/Rental Income (Lines 115 and 116) Rental expense entered on line 116 cannot exceed rental income entered on line 115.

N7   Title: Amount Of Damage (Line 118)
The amount of damage on line 118 of Part B exceeds normal limits. Please submit backup documentation to verify the damage amount. Note that line 118 should be used only if damages were not previously reported on Part A. If damage was reported on Part A, use line 119 to make any adjustments.

N8   Entry appears in columns A and B, Line 119.
For line 119, an amount must be entered in column A **or** B, not both. Please correct the claim and resubmit.

N9   Title: Estimate Of Damage (Line 119)
The claim cannot be processed because of the damage amount entered on line 119. Line 119 should be used only if Part A, item 27 was completed and there is a change in the HUD estimate of damage or the insurance recovery. Do not complete this line item for assignment, nonconveyance claims, coinsurance claims, and preforeclosure or if an amount is entered on line 118. If the information on line 119 is accurate, please submit documentation to support the amount claimed.

P1   Title: Special Assessments (Line 120)
The amount claimed on line 120 exceeds normal limits. Please submit a copy of Part D of Form HUD-27011 showing detail in item 309, paid receipts, and any other documentation needed to support your claim.

P5   **Title: Mortgage Note Interest "To" Date Invalid**
          See edit for A1X2P5.

P7   **Title: Mortgage Note Interest Calculation (Line 121)**
          The claim cannot be processed because the mortgage note interest calculation cannot be
          verified. On assignment claims, mortgage note interest is calculated from the due date of last
          paid installment (Item 8) to the date the assignment was filed for record (Item 10). Mortgage
          payments should not be credited after the date of assignment, so the date in item 8 must not be
          later than the date in item 10. If payments are received after the assignment was filed for
          record, you must transfer the funds to the HUD Lock Box: Payment Processing Center, PO
          Box 105652, Atlanta, GA 30348. If advanced payments were held for future application to the
          account, the advances should have been included in the escrow check sent with the claim.

P8   **Title: Mortgage Note Interest Calculation (Line 121)**
          The claim cannot be processed until the following documents are submitted to verify interest
          claimed on line 121:
          -        Special forbearance agreement signed by the mortgagee and mortgagor.
          -        Copy of the mortgage payment history.

QA   **Title: Claim Sent By Mortgagee Other Than Servicer**
          The claim was sent by mortgagee other than servicer identified on claim. A valid trading partner
          agreement is not in effect with transaction set sender. To file a claim you must correct the
          problem and transmit a new claim. **Do not send a corrected claim. You must send a new
          claim.**

QB   **Title: Invalid Claim Type (Item 1)**
          The claim type is invalid. Supplemental claims (05) cannot be filed via EDI. Valid claim types
          are 01, 02, 03, 04, 06, and 07. Please correct the problem and transmit a new claim. **Do not
          send a corrected claim. You must send a new claim.**

QC   **Title: Missing Part A or B**
          For claim types 02, 03, 04, 06, and 07, Parts A and B must be filed together.   Please correct
          the problem and transmit a new claim. **Do not send a corrected claim. You must send a
          new claim**.

QD   **Title: Invalid FHA Case Number (Item 2)**
          The FHA case number (Item 2) is missing or invalid.
          -        For a Part A, compare the FHA case number on the claim with the FHA case number
                   on the MIC.
          -        For a Part B, compare the FHA case number on the claim with the FHA case number
                   on the MIC, Part A and advice of payment. Please correct the problem and transmit a
                   new claim. **Do not send a corrected claim. You must send a new claim.**
          The required case number format is 999-9999999. The last digit of the case number is a check
          digit. If the MIC does not show the check digit, fill with an "X".

R3   **Title: Mortgage Insurance Premiums (Line 122)**

The amount claimed on line 122 exceeds normal limits. You should include only "advanced" MIP disbursements paid after the due date of the last completely paid installment to the date the deed or assignment is filed for record. If you incorrectly paid mortgage insurance premiums after the date in item 10 on Part A, you should make the adjustment on your monthly billing. Please correct the amount claimed on line 122 or submit a copy of Part D and payment ledgers to verify the amount of mortgage insurance premiums.

S1   Title: Overhead Costs (Line 125)
The amount claimed on line 125 is excessive or not allowed. Please correct the amount on line 125 or submit a copy of Part E and documentation to verify the amount claimed.

S4   Title: Uncollected Interest (Line 126)
The amount claimed on line 126 is excessive or not allowed. Please correct the amount on line 126 or submit documentation to verify the amount claimed.

S6   Title: Amount Due From Buyer (Line 127)
The amount claimed on line 127 is excessive or not allowed. Please correct the amount on line 127 or submit a copy of Part E and documentation to verify the amount claimed.

S8   Title: Amount Owed To Buyer (Line 128)
The amount claimed on line 128 is excessive or not allowed. Please correct the amount on line 128 or submit a copy of Part E and documentation to verify the amount claimed.

T1   Title: Additional Closing Costs (Line 129)
The amount claimed on line 128 is excessive or not allowed. Please correct the amount on line 129 or submit a copy of Part E and documentation to verify the amount claimed.

T3   Title: Appraisal Fee (Line 130)
The claim cannot be processed because the appraisal fee entered on line 130 exceeds normal limits or is not allowable. If you followed the claims without conveyance of title procedures and were instructed by the local HUD office to obtain an appraisal, submit a paid receipt for the appraisal fee and a copy of the Form HUD-91022 which was submitted to the local HUD office. If the HUD-91022 was not submitted to the local

HUD office, you may not claim an appraisal fee. For pre-foreclosure claims, submit a copy of the paid receipt to verify the amount claimed.

T4   Title: Deductions (Column A/Line 134)
The amounts entered in column A do not add up to the total on line 134. Please make the necessary corrections and resubmit the claim.

T5   Title: Additions (Column B/Line 135)
The amounts entered in column B do not add up to the total on line 135. Please make the necessary corrections and resubmit the claim.

T6   Title: Interest (Column C/Line 136)
The amounts entered in column C do not add up to the total on line 136. Do not enter

debenture interest in column C for assignment claims (02). Please make the necessary corrections and resubmit the claim.

T8   **Title: Negative Claim Amount**
The amount on line 137 is negative. HUD will bill you for the amount due.

T9   **No additional documentation is needed at this time** . Should this change, you will be contacted by an examiner. If the claim has not been processed within a week and no additional documentation is requested, call (703) 235-9102 and request examiner assistance.

W1   **Title: Unpaid Principal Balance Calculation Failure**
If the UPB entered on Part A is correct, call (703) 235-9102 and request examiner assistance.

W3   **Title: Unpaid Principal Balance (Item 17)**
The unpaid principal balance (Item 17) does not agree with the amount computed based on the original mortgage note amount, the mortgage note rate, the beginning amortization rate in our records, and the last paid installment date (Item 8). Please check the unpaid principal balance in item 17 and the last paid installment date in item 8. If these are correct, send a copy of the mortgage note to verify the original mortgage amount, note rate and first payment date. If this is a **graduated payment loan,** send a copy of the payment schedule. To verify the last paid installment date, send a copy of the payment history. If this is an **Adjustable/Allonge Note Mortgage,** send a copy of the Rate Index or Real Estate Indexes Rate Inquiry or H-15, Federal Bulletin and a breakdown showing how each rate adjustment was calculated. If the loan was modified, send a copy of the modification agreement.

W4   **The adjusted unpaid principal balance is negative - claim not payable.** You will be contacted by an examiner.

W5   **The claim calculation routine failed.** Please call (703) 235-9102 and request examiner assistance.

W6   **The claim interest calculation failed.** Please call (703) 235-9102 and request examiner assistance.

X2   **Title: Interest Ending Date**
-           The interest ending date is invalid and no interest was paid or
-           The curtailed interest ending date is not later than the interest beginning date.

X4   No additional documentation is needed at this time. Should this change, you will be contacted by an examiner. If the claim has not been processed within a week and no additional documentation is requested, call (703) 235-9102 and request examiner assistance.

Z3   **Title: Holding Mortgagee Different From Originating Holding Mortgagee**
For coinsurance claims, the originating and holding mortgagee must be the same. You will be contacted by an examiner.

COMBINATION ERROR CODES

A1A5C1C6X2 Part B (01) claim cannot be paid until Part A has been paid.

A1X2   Part B (07) claim cannot be paid until Part A has been paid.

A1X2P5   Part B (02) claim cannot be paid until Part A has been paid.

BAD3   Part A cannot be paid until the MIC is received or verified.

BDI4I5I6   Part B (01) claim cannot be paid until title approval is on the authorization file.

Paperless Claims Processing

This section of the Implementation Guide describes the relevant processes involved in the submission of mortgage insurance claims and how these processes are modified due to the implementation of EDI. It should be noted that there is no change in the fundamental policies defined in the applicable Code of Federal Regulations, 24 CFR.

Mortgagees who are approved HUD trading partners, can transmit all claims electronically, with the exception of supplemental and Home Equity Conversion Mortgage (HECM) claims. They can also send electronic, corrected claims and comments. Development of an automated request for claim status is planned as a future enhancement. Until that is done, inquiries should continue to be placed with the Single Family Claims Telephone Service Center (703-235-9102).

The major changes in procedures required to convert to EDI from a paper-based system include (1) reviewing the Trading Partner Agreement which outline procedure and policies to adhere to when submitting via EDI in lieu of mortgagee's signature on each Form HUD-27011, (2) mailing of Mortgage Insurance Certificates (MICs) and (3) the title approval authorization file replacing the need to send paper title approval letters with claims. Trading partners must also develop internal procedures to best utilize the new electronic tools, including the functional acknowledgment (TS 997), the payment advice (TS 820) and the application advice (TS 824) to reconcile claim filings with results.

Changes in HUD's Case Control and Claim Processing Procedures

Electronic claim filing necessitated some procedural changes in claim handling at HUD. Here is a comparison of the paper and electronic process:

STEP ONE: CLAIM RECEIPT

The claim receipt date is used to measure timely claim filing. If a claim is not received within the required time frame, as described in HUD Handbook, 4330.4, debenture interest will be curtailed.

Paper: Claims sent through US mail or overnight express are received in the mailroom and are date stamped.

EDI: Electronic claims are received by HUD's EDI gateway and are "date stamped".

STEP TWO: PRESCREENING AND BATCH LOADING

This involves some preliminary checks for basic problems and staging claims for actual processing.

Paper: Claims are "prescreened" or reviewed, for basic errors by mailroom staff. The claims that fail are mailed back to the mortgagee without further processing. Those that pass are grouped in batches, keypunched to tape, and entered in batches on the mainframe automated claims system for processing.

EDI: Claims must pass gateway translation and mapping software. If a transaction fails, electronic notification is sent to the trading partner (TS 997 or TS 824). The gateway passes successfully mapped claims to the mainframe automated claims system. The automated claims system "prescreens" for basic errors and stages successful claims in batches for processing. Any claim that fails in "prescreening" triggers a TS 824 to the trading partner and remains in a computer file for informational purposes. (For a more detailed description of the "prescreening" process, see page 35.)

STEP THREE: CLAIM PROCESSING

Claims are processed in batches by the automated claims system. Each claim must pass hundreds of edits before it can be marked for payment. If it fails, the claim "suspends". The automated processing is the same for both paper and electronic claims, with the exception of some slight differences in system edits. Once a claim suspends, however, the procedures differ significantly.

Paper: For suspended claims, reviewers must compare the paper claim with what was keyed into the system.   If there were no keying errors, the reviewer determines why the claim suspended and notifies the mortgagee of what action is needed. The claim is mailed back to the mortgagee with a manual letter of explanation. The mortgagee may need to correct the claim and resubmit it or may need to provide additional documentation to support what was originally claimed. In either case, the claim is mailed back to HUD and is returned to the Review and Compliance staff who then make the necessary corrections or approve the claim as is, based on the documentation. This is done by on-line access to the claims system.

EDI: If an EDI claim suspends, a TS 824 showing the applicable edit codes is automatically sent to the trading partner.   Using the explanations for the edit codes found in this Implementation Guide in Appendix D, the trading partner should be able to determine why the claim suspended and what action is needed. If a corrected claim is required, the trading partner can transmit it immediately. If documentation is needed, it should be sent through the mail, while at the same time, the trading partner informs HUD electronically
that the documentation is on the way. (See section "Comments" on page 35 below for use of "ACI".)

A corrected EDI claim will be processed automatically, with no intervention from the claim staff. The Review and Compliance staff will no longer have to initiate action on each individual suspended claim, but will, instead, monitor suspended claims by company to determine if there are potential problems. Instead of relying on stacks of paper claims to determine the pending workload, reviewers will access computerized workload tracking files for status of suspended EDI claims.

STEP FOUR: CLAIM PAYMENT

Approximately 85% of all claims, both paper and EDI, pass the system edits and are marked for payment without any further review. The payment process takes place overnight. This process creates instructions to Treasury to issue payments and instructions for the bulk mail contractor to send Advice of Payment letters to holders and servicers for all claim payments. These letters, providing detailed information about the payment, are mailed out within 24 hours. Claim payments will only be made by electronic funds transfer (EFT). For a payment to be made via EFT, the holder of the mortgage must complete an enrollment form, SF 3881.

Paper: Paper claims will result in paper Advice of Payment letters only.

EDI: EDI claims will result in paper Advice of Payment letters as well as TS 820, the electronic version of the Advice of Payment letter. This transaction set contains the same detail as the paper letter. It can be sent only to trading partners who are approved to file claims electronically with HUD. Therefore, if a servicer who is an EDI trading partner with HUD files a claim on behalf of a holder who is not a trading partner, the servicer will receive TS 820 in addition to the paper Advice of Payment and the holder will receive only the paper Advice of Payment.

Additional notification for EFT payments: Regardless of whether the claim originated as a paper or EDI claim, the payment is made via EFT, and the payee's bank will receive one additional notification about the payment. Each EFT payment is sent with an addendum record that contains the FHA case number, mortgagee reference number and identification that it is a "SFCLM" (single family claim) payment. The mortgagee should make arrangements with its bank to obtain this information.

Handling Mortgage Insurance Certificates (MICs)

With the paper-based system, an original MIC must be submitted with each initial form HUD-27011 Part A. This helps to verify that the correct FHA case number is entered on the claim form and that the mortgagee has the right to file a claim on the insured mortgage. With electronic claims, it is still necessary to validate the legitimacy of the claim filing with the original MIC. Therefore, procedures have been established to accommodate the mailing of MICs for EDI claims.

MICs for EDI claims must be sent in prior to the electronic claim transmission. To avoid delay in claim processing, MICs should be submitted early enough to be received by HUD and

recorded in a computerized file before the claim is transmitted. However, MICs should not be sent in before it is certain that a claim will actually be filed.

MICs should be sent once a week using overnight express mail. They should be sent at least one week before claim transmission, if possible. Claims will be subject to interest curtailment if the MIC is not sent by the date the deed or assignment is filed for record.

To assist in determining when to send in the MIC, the following is a suggested guideline for each claim type:

01 Conveyance--Do not submit MIC prior to the date in item 9 (date of acquisition of marketable title and possession).

02 Assignment--Do not submit MIC prior to the date contained in item 20 (date of assignment acceptance letter from the local HUD office).

03 Automatic assignment--Do not submit MIC more than four weeks before the assignment.

04 Coinsurance--Do not submit MIC prior to the date in item 10 (date of sale or appraisal notice).

06 Nonconveyance--Do not submit MIC before the date in item 9 (date of acquisition of title by mortgagee or third party).

07 Preforeclosure Sale--Do not submit MIC prior to the date in item 10 (date of the preforeclosure sale).

For every EDI Part A claim, the original MIC must be sent to the following address:

> Department of Housing and Urban Development
> Single Family Claims Branch HQFPCO
> Financial Operations and Control Section
> Attn: MIC Processing
> 451 Seventh St., SW, Room 6137
> Washington, DC 20410

A special transmittal must accompany MICs. The FHA case number for each MIC included with the transmittal should be listed along with the mortgagee reference number and holder, if different from the servicer.

Handling Title Approval for Electronic Claims

The local HUD office is responsible for evaluating and approving title evidence submitted for conveyed properties. The local HUD office enters the dates title evidence was received and approved in a property management system. This system transfers the information daily to the automated claims system at HUD Headquarters. This interface results in the generation of a title approval letter which is mailed to the mortgagee (or other designated recipient per local office

instructions). When this letter is received, the Part B claim can be filed. The title approval letter should be sent with paper Part Bs, but is not needed for EDI Part Bs.

The title approval data are maintained on a computer file and are used to evaluate the timely filing of the Part B claim. The Part B claim must be received within 15 days of the date of the title approval letter. If it is late, interest is curtailed. This applies to both paper and EDI claims.

A sample title approval letter produced by the interface between the local HUD office system and the claim system is included later in this section. Please note that the signature is replaced with a legend that states that "This letter was system generated by HUD Headquarters". This letter serves as proof that the necessary data regarding title approval are in HUD's database and that an EDI Part B can be filed.

Prescreening Process on Automated Claims System

Electronic claims pass through a "prescreening" process before being loaded in batches for processing by the automated claims system. This screens out claims with certain basic errors that would prevent successful claim processing. A TS 824 (application advice) is sent back to the trading partner for any claim that has failed the prescreening process. The codes displayed on the TS 824 returned to sender are as follows:

QA = Servicer on claim does not match trading partner who originated transaction set 260.

QB = Invalid claim type (anything other than 01, 02, 03, 04, 06, or 07).

QC = Part B missing for type 02, 03, 04, 06 or 07 claim.

QD = Invalid FHA case number. This edit will occur when the check digit (seventh digit after the dash) is incorrect. If the check digit is not shown on the MIC, "X" should be entered.

Comments

Comments can be transmitted in TS 260, either with claim data or separately. Free form comments, up to a maximum of seven lines of 60 spaces in each line, can be sent with each TS 260. Although comments can be sent without a claim, they must not be sent prior to submission of a claim. Whenever comments are sent separately, after a claim has been transmitted, the Claim Submission Reason Code (data element CSI01) should be coded "22", indicating that this is an informational transmission.

A specially formatted comment can be used to inform HUD that claim documentation has been mailed. This is done by assigning value "ACI" to data element NTE01 in the first iteration of the NTE segment. Whenever sending comments, the NTE02 data element must be used. If "ACI" is sent in NTE01, free form comments must be sent in NTE02 to explain what the documentation is.

NTE02 can be used without NTE01, but NTE01 can never be used without NTE02. Here are some examples of the correct way to send comments:

Example one:

If not notifying HUD of supporting documentation, always skip NTE01:

NTE**DEBENTURE INTEREST CALCULATED TO 01/05/92, INTEREST
NTE**CURTAILMENT DATE ON PART A.

Example two:

If notifying HUD of supporting documentation, use NTE01 in the first use of the NTE segment for the comment by transmitting the code value "ACI". The subsequent uses of the NTE segment for the comment skip NTE01:

NTE*ACI*DOCUMENTATION FOR LINE 111 EXPENSES WAS MAILED TO HUD ON
NTE**01/05/95. INCLUDED PT.D, RECEIPTS AND PAYMENT HISTORY.

Miscellaneous items:

•   Holder and servicer on EDI Part B conveyance claims.

The holder and servicer numbers sent with the EDI transmission of Part B are stored on the Part B record in the claims system. If either of these numbers does not agree with what was shown on the earlier Part A claim as the holder and servicer, the Part B claim will suspend.

•   Paper claims needed by local HUD offices.

Paper HUD-27011 claims must be sent to the local HUD offices as specified in the HUD Handbook, 4330.4. This provision remains in effect even if an electronic claim was sent to HUD Headquarters.

•   Conveyance Part B claims following paper Part A's.

Even if the Part A conveyance claim was filed as a paper claim, the Part B claim for that case can be filed as an EDI claim. The only requirement is that the title approval data is in the computer file, as evidenced by the computer-generated title approval letter.

•   Transaction Set 824, Second Notice.

When a claim suspends, a TS 824 is sent to the trading partner to show the reason(s) for the suspension. There will be one follow-up to this initial TS 824 if necessary action has not been taken by the trading partner within 45 days of the first notice. This follow-up notice will be identified only by the "notice number", which is a two digit code in the first use of the LQ segment in the LM loop of the TS 824. The first TS 824 will show notice number "01"; the

second, or follow-up notice, will show "02".

When a mortgagee receives the second notice, it means that the claim has been scheduled for deletion. When the claim is deleted, the mortgagee will have to submit a new claim which will have a new receipt date.

TS 260 passes through a series of critical checkpoints in its path from HUD's Sprint mailbox to final processing on the claims system. If the claim fails any of these checkpoints, processing stops and the outcome are identified in last column of the following flow diagram.

SITE	CHECKPOINT	RESULT OF FAILURE
HUD EDI GATEWAY		
TRANSLATION PROCESS	Validate trading partner	No further action
	Check transaction set version	TS 997
	Check X12 syntax for TS 260	TS 997
MAPPING PROCESS	Compliance check for HUD mapping requirements for TS 260	TS 824 with "GM"
	Check transaction set version	TS 997
	Check FHA case number existence	TS 824 with "GI"
	Check for existence of claim type for 01A, 02, 03, 04, 06 or 07	TS 824 with "GM"
	Check for existence of data on Part B of claim	TS 824 with "GY"
	Check for existence of comments on "comments only" TS 260	TS 824 with "GY"
CLAIMS SYSTEM		
PRESCREENING	Match sender of TS 260 with servicer	TS 824 with "QA"

Electronic Data Interchange

PROCESS	on claim data	
	Validate claim type	TS 824 with "QB"
	Check for missing Part B on 02, 03, 04, 06 or 07 claim	TS 824 with "QC"
	Validate FHA case number	TS 824 with "QD"
BATCH PROCESS	Check for claim already paid	TS 824 with "BY"
	Check for claim already suspended when incoming is not a corrected claim	TS 824 with "BZ"
	Run claim against all system edit checks	TS 824 first notice with failed edits identified; TS 824 second notice if no action within 45 days
FINAL OUTCOME FOR SUCCESSFUL TS 260	TS 820, payment advice sent	

U.S. DEPT OF HOUSING & URBAN DEV.
 MANCHESTER OFFICE
275 Chestnut Street
Manchester, NH 03101

ABC MORTGAGE
ATTN: S/F CLAIMS-TITLE APPROVAL
123 ELM STREET
ALEXANDRIA, VA   22309-2221

                                    DATE TITLE RECEIVED
                                         08/24/92

                                    DATE OF TITLE APPROVAL
                                         08/30/92

                                    DATE OF THIS LETTER
                                         02/14/93

SUBJECT: TITLE APPROVAL CERTIFICATION
         HUD/FHA CASE NUMBER: 001-123456
         MORTGAGEE REFERENCE NUMBER: 999999
         MORTGAGOR'S NAME: JOHN SMITH
         PROPERTY ADDRESS: 3456 FIRST STREET
                                    ALEXANDRIA, VA   22080

DEAR SIR OR MADAM:

THIS IS TO CERTIFY THAT THE TITLE EVIDENCE SUBMITTED TO THIS OFFICE ON 08/24/92, IN
CONNECTION WITH THE SUBJECT CLAIM FOR INSURANCE BENEFITS, HAS BEEN APPROVED. YOU
ARE TO SUBMIT THIS TITLE APPROVAL CERTIFICATION, TOGETHER WITH HUD 27011, PART B OF
YOUR CLAIM TO DHUD, SINGLE FAMILY MORTGAGE INSURANCE CLAIMS BRANCH, P.O. BOX 23998,
WASHINGTON, DC 20026.

                              SINCERELY YOURS,

                              *

                              CHIEF PROPERTY OFFICER
                              MANCHESTER OFFICE

     *THIS LETTER WAS SYSTEM GENERATED BY HUD HEADQUARTERS.

MIC TRANSMITTAL SHEET

For use when submitting mortgage insurance certificates (MICs) for **EDI claims only:**

Date:_____ **Total # of MICS:**_____

SENT BY: Enter servicer name and address:

_____

SERVICER ID NUMBER:_____

CONTACT NAME:_____

PHONE NO._____

FHA CASE #	MORTGAGE REF #	* HOLDER #	FOR HUD USE
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
11.			
12.			
13.			
14.			
15.			

*   **If the servicer ID number and the holder number are the same do not complete the block for the holder number.**